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April 19, 2010

VIA EMAIL AND
1ST CLASS MAIL

Ms. Lori Houck Cora
Assistant Regional Counsel
U.S. Environmental Protection Agency
Region 10, ORC-158
1200 Sixth Avenue
Seattle, WA 98101

Re: Portland Harbor Superfund Site; Linnton Plywood Association ("LPA")
FRE 408 Confidential Settlement Communication

Dear Lori:

As you know we were waiting for Liberty Mutual's ("Liberty") authorization to respond to EPA's settlement proposal as contained in your letter of February 9, 2010. This authorization was necessary because any cash proceeds in our client's settlement response would necessarily have to be a disbursement from insurance policies as demonstrated by the financial information we have provided to EPA.

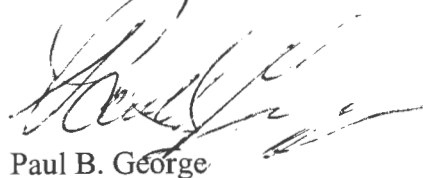
As we noted in our correspondence to you of October 30, 2009, Liberty issued a Reservation of Rights when this matter was first tendered to the carrier for coverage. They have now informed us that they believe that at least \$1.4 Million of available insurance has the requisite pollution exclusion and therefore there is no coverage. As to the other \$500,000.00 in coverage, they maintain their position as stated in the Reservation of Rights letter and continue to investigate the question of environmental exclusions. You may recall that these other policies had been lost and Liberty is working off of specimen policies from the same era, which do not appear to have the coverage exclusion. Nonetheless, Liberty will not at this time authorize any further settlement proposals that include any disbursements from potential insurance coverage.

We are disappointed in Liberty's response. LPA plans to interview coverage counsel to explore its options in light of Liberty's position. While this change in circumstances prevents LPA from responding with an early cash offer, we are exploring the possibility of a structured settlement that we hope to present to EPA within the next 45 days.

Ms. Lori Houck Cora
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If you have any questions, please contact Bill or me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul B. George", with a long horizontal flourish extending to the right.

Paul B. George

PBG:b
cc: William P. Hutchison